

**PERRY COUNTY BOARD OF COMMISSIONERS**  
**And**  
**PERRY COUNTY COUNCIL**  
**JOINT MEETING**  
**JANUARY 4, 2012**

The Perry County Board of Commissioners and the Perry County Council held a joint meeting on Wednesday January 4, 2012 at 8:00 a.m. as was duly advertised. All commissioners Bill Amos, Louis Jody Fortwendel and Tom Hauser were in attendance along with County Council members Alan Cassidy, Stan Goffinet, Merle Doogs, Steve Goodson, James Adams, Chet Mathena and Ron Crawford, Sr. Also present were Auditor Connie Berger, County Administrator Teresa Kanneberg, Jail Committee members Lucy Goffinet, Chris Goffinet, Pete Franzman and Lee Chestnut. DLZ representative Eric Ratts and Paul Downing, Bernardin Lochmueller & Associates representative Matt Wallace also attended the meeting. A media representative of the *Perry County News* was present along with approximately four members of the public.

The meeting was called to order by Bill Amos, and the Pledge of Allegiance was recited.

County Attorney and Jail Committee member Chris Goffinet started the meeting by saying that Eric Ratts and Paul Downing from DLZ were here to go over preliminary plans of the new jail, and financial consultant Gary Malone from H.J. Umbaugh would go over the finance information. He said that they were both here to answer any questions that anyone may have about the project. Chris mentioned that the jail committee had been formed since March 2009 and that the committee has met several times and have arrived at the preliminary plan and associated costs that will be presented at this meeting.

Eric Ratts, the primary Architect on this project, gave everyone handouts with a revised jail layout. He reminded everyone that DLZ has been involved in the project since May 2010 and that they have attended several meetings with the Jail Committee and our county officials and have attended two public presentations that were given this past June where the initial plans were introduced. He said that since that time, there have been many meetings and they were asked by the committee for ways to reduce the overall costs of the project. The handouts given out in this meeting presented a plan that is estimated to cost no more than \$12 million. Eric explained that the primary reduction in costs is from the elimination of the Work Release program, but he did explain that there is an option to run Work Release within the jail if the county wishes to do that.

Paul Downing, Criminal Justice Specialist with DLZ, summarized again for everyone the poor conditions of the current jail. He mentioned that the jail is significantly out of compliance with State jail standards, and any attempt to bring the jail under compliance would involve a reduction of capacity. He said that many of the functions of the current jail have inadequate space. He also said that separation due to classification cannot be accomplished successfully because of inadequate spacing, and booking, receiving, and processing inmates is all done from a single room. Paul said that one of the most significant shortcomings of the building is the lack of program space. There is no space for religious services, substance abuse, counseling services, or GED and educational services.

Eric Ratts showed the revised floor plan and explained that the plan now totals to less than 39,000 square feet in comparison to the previous plan which was almost 50,000 square feet, and the previous plan which was estimated to cost \$15.3 million is now estimated to be under \$12 million. He also noted that the number of beds has increased from 120 to 132 because of some design changes to the general housing area, but this could be subject to change. This plan, he said, is more rectangular in shape and will not be as expensive to build as one with more corners. Eric then did a walk-through of the revised plan.

Paul Downing referred to a proposed staffing estimate handout that was prepared this past July. He said that the total impact on the County General fund for three additional jailers, including benefits, would be approximately \$134,154. This report also showed total costs of \$89,436 for two additional Work Release officers, but since a separate Work Release area has been eliminated from the plan, the total costs for additional staffing would now be \$134,154. Paul explained that officers would work 12-hour shifts, and during the day there would be three staff on duty – one in control, one in booking, and one floor officer, and during the night there would be two staff on duty – one in control and one in booking. He said that this would require an arresting officer to stay on station within the building until the inmate is properly secured at night.

Paul pointed out that the handout also shows that \$87,600 could be generated annually by Work Release based on an average occupancy of 24 beds per day at a rate of \$10 per day (the previous plan had 48 beds in Work Release). Any money generated from Work Release can go into the County General fund to help offset costs of staffing.

Eric then referred to a projected schedule showing a snapshot in time if the project was approved at this meeting. According to this schedule, the project would take about two years from start to finish from the date it is approved.

Commissioner Jody Fortwendel mentioned that Utilities costs would be in addition to the staffing costs, and he asked if there had been any estimates made on what the utilities of the new jail would cost verses that of the current jail. Eric said none had been done but that it could be done very quickly.

Gary Malone from H.J. Umbaugh & Associates handed out estimated costs and associated payments based on the revised \$12 million project. Gary reminded everyone of the three funding options: Option 1 (A) involved funding the project totally from property taxes, Option 2 (B) involved funding the project half with property taxes and half with income taxes, and Option 3 (C) involved funding the project totally with income taxes. Gary said that any available courthouse TIF funds could be used to help defray some of the costs, and assuming that if \$490,000 is still available in this fund, it would reduce the amount needed to borrow to approximately \$11.5 million.

Gary explained that a debt service reserve can be eliminated if we use property taxes as a backup. Stan asked if using a property tax backup would require a referendum. Gary said that if there is a finding of a reasonable expectation that the income tax revenues (Option 3) would be sufficient to make the bond payments, then it would not be required to go to referendum. However, using Options 1 or 2 would require a referendum.

The assumed interest rate that was used on this estimate was 4.90%, and the estimated annual payment for a 20-year open market loan was \$982,000. Gary mentioned that another funding option that could affect the payment amount is using Rural Development funding which offers lower interest rates and allows up to 40 years financing. He did say that borrowing from Rural Development is a longer process.

Gary also had noted in his handout that if we leased 50 beds on average daily to the State Department of Corrections (DOC) for inmates, we could generate \$638,750 annually in additional revenue, and this could be used to offset operating costs or reduce the amount of debt service payments.

Based on the certified net assessed value of Perry County for 2011 payable 2012 and applicable homeowner deductions, if the project were funded totally from property taxes (Option 1), the tax rate per \$100 of net assessed value for a residential property owner would be approximately \$0.1403 and owning a \$100,000 home would cost about \$46 more per year in property taxes. If the project were funded half with property taxes and half with income taxes (Option 2), the tax rate per \$100 of net assessed value would be approximately \$0.0539 and a \$100,000 home would cost \$18 more per year in property taxes in addition to taxing earned income 0.25%.

Gary reminded everyone that the first two options would be implemented only if a referendum was passed and these monies would be collected over and above the tax caps. If the project was funded entirely with income taxes, the income taxpayer would pay 0.50% of earned income.

Gary explained that the difference between the amount collected and the amount of the annual payment due is called coverage, and if there is surplus, then either the tax increase percentage could be reduced or the additional amount collected could be accumulated and used to pay the bonds off early. In open market financing, bonds can be paid off any time after 10 years whereas there are no penalties for paying off early if funded through Rural Development.

Gary mentioned that the way Perry County's current bill was written by the State legislators, the income taxes collected can only be used to pay off the bonds and not for operations, and that some counties have gone back to the general assembly asking to have their bills modified so that the surplus could be used to help pay for operations.

Gary explained that the income tax will work just like our current EDIT tax. Taxes are paid by taxpayers who live in the county. The only thing different is our relationship with Kentucky. If a Perry County resident works in an adjacent county in Kentucky that has its own option income tax, then the Perry County resident doesn't have to pay the tax in Perry County. Chris questioned whether or not Kentucky residents who work in Perry County would pay our tax, and according to what Gary read from that tax information provided by Ice Miller (referring to DOR information bulletin # 33, August 2008), the answer is no.

Commissioner Tom Hauser asked Gary, with regard to Option 3, assuming that the enacting legislation is amended, if we used the money for operating costs, would the cushion still be in place for the payments. Gary said that the revenues would first go to pay principal and interest on the bonds, and the operating expenses would be paid from the surplus. Chris also said that once the bonds are paid off, the tax goes away, and if the legislation would be changed to include operating costs, the tax may not be able to be extended to only cover operating costs after the bonds are paid off.

Councilman Steve Goodson stated that he has a real problem about how taxes are paid based on where the taxpayer lives. Chris said that he doesn't think that legislation can be changed with regard to how (and who) pays income taxes based on where they live.

Tony Pappano, a member of the public audience, then asked if he could speak. He asked for clarification about the maximum amount of tax that could be imposed, and it was said that 0.50% was the maximum amount as stated in the bill. He said that he is for the jail but he doesn't like the location where the county is planning on building it and he is against the option using income taxes to pay for building it. He said that he thinks there are other ways to get money to finance this project, and he is proposing that our officials look at other strategies for getting funding.

Chris asked Tony what those sources are. Chris said that it is not fair to tell everyone that there's money out there and not tell them what or where these sources are. Tony said that he did extensive research about casino money that other counties have raised, and that we have no access to that money. He said that they are not going to give us any of their casino money unless we fight for it. He also stated that the Forest Service is paying us \$2 per acre in taxes for 58,000 acres of land, and the State is paying us \$1 an acre for 28,000 acres of dedicated land. Tony said our legislators and our officials need to fight for more. He said that he also doesn't like the fact that Branchville (Correctional Facility) sits on 100 acres of land and that they don't pay taxes on it.

Councilman Stan Goffinet asked Tony about what happened with the committee that he formed several months ago about these issues. Tony said that he has all the data but that it hasn't been published. Stan then said that he wants to know how we're going to come up with the extra money to fund these additional three jailers, and he said that the County is broke. Sheriff Lee Chestnut responded by saying that our liability lies on our staffing right now and that we need the additional staff now, regardless of whether or not the jail is built.

To address what Tony had said, Judge Lucy Goffinet said that this committee has not been sitting idle and that there have been individuals that have tried to find other sources of money to pay for this project. Several people have met with State Senator Richard Young and Representative Sue Ellspermann, and letters were sent to other counties asking for some of their casino money, and we have been turned down. She said that she doesn't want there to be a misconception that this committee hasn't been looking for other ways to find money.

Councilman Alan Cassidy said that it would take two or three years to get laws changed. Commissioner Tom Hauser said that he agrees with Tony that these issues should be addressed but he feels that these issues go beyond the jail project.

Paul asked Gary which option has a pre-payment restriction. Gary said that bonds issued in the open market can be paid off after 10 years without penalty. Gary said that if there is an expectation of getting a windfall of revenue, bonds can be issued with an exceptional call provision which would give the right to call the bonds. Gary said that there is no pre-payment limit for a loan from Rural Development.

Tom asked Gary for clarification that the county could pay off the bonds early if we would get a windfall of money or find other funding, and Gary said yes. Councilman Jim Adams said that once the bonds are paid off completely, the tax goes away. Gary agreed. Tom then said that we could have both efforts involved. Tony disagreed and felt that the jail needs to be used as leverage for the fight in getting more money. Jim said that this discussion was already held six months ago and we can't proceed with this project if we are going to address the issues Tony mentioned. Stan said to Tony that he agrees with him, but he feels that Perry County cannot do this alone and we need other counties involved. Councilman Merle Doogs said that he agrees with Tony and he feels that we should get on board with him.

Stan asked if we're going to have a construction manager onsite all the time with this new plan. Chris said that representatives of the architect will be onsite multiple days but not every day.

Audience member and Jail Committee member Pete Franzman said that he has been involved with the jail for the past 30 years and has been on about three different committees regarding the jail. He said that he thinks we have put this off long enough. He mentioned litigation regarding a past lawsuit that the county would form a committee and look at building a new jail when the courthouse bonds are paid off. He asked the council where they will find money to pay for housing our inmates if another lawsuit is filed and the county is forced to shut down the jail. He agreed that no one wants to pay for a new jail, but it is the county's responsibility to provide a jail that conforms with state law. Pete said it's not going to be popular and our elected officials may take some heat for it, but he said the time is now to build a new jail. He said that if the county can't pass a referendum for improving our schools, he seriously doubts that a referendum will pass for building a new jail. He agrees that it is a good idea to fight for casino money, but he said that he feels that will take a very long time, and he doesn't think we need to hold up the construction of a new jail.

Stan asked if the Commissioners are going to recommend to the Council how they wish to fund this project. Jody replied that he will recommend that we build a new jail but will not recommend how to pay for it. Jody said he doesn't think a referendum will ever pass and that the only option is the income tax, but he doesn't think the Commissioners need to make an official motion to the Council on how to fund the project.

The Commissioners ended in open session, and Jim made a motion to close the Council meeting and Steve seconded the motion. Motion carried 7-0. Meeting ended at 9:30 a.m.

Minutes approved by the Perry County Board of Commissioners this 6<sup>th</sup> day of February, 2012.

<hr/> Bill Amos President	<hr/> Louis J. Fortwendel	<hr/> Thomas J. Hauser
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Minutes approved by the Perry County Council this 23<sup>rd</sup> day of February, 2012.

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**President, Perry County Council**

*Minutes prepared by:*  
*Connie A. Berger, Perry County Auditor*